

Comments on the voluntary reporting mechanisms for carbon sequestration, storage and emission in Forests

A voluntary reporting system would work when there is a clear and significant financial benefit in doing so. The transferable C-credits are proposed to be the only financial benefits in the Background Paper. This would work for large landholdings. For smaller holdings with only a few tons of net sequestration in a year this would hardly be a financial attraction. But in huge countries like India and USA a large number of small tree growers may produce more total C-credits in a year than a small number of large tree growers. So it would be in national interest to ensure the recognition of the contribution of the small tree growers to C-credits. It would need an attractive package for small growers, enough to attract most of them to sign up for voluntary reporting.

These are small dispersed sources and sinks of carbon and the associated problems are reliability of measurements and C-leakage. The measurements in small entities can be expected to be of low reliability because (i) measurements of small changes in emissions and sequestration suffer from a higher statistical probability of errors and because (ii) limited funds at the disposal of such entities would mean use of poor skills and equipments.

To ensure accuracy and reliability of measurements it appears necessary that the recording be done either by a government agency or by an agency authorized by the government on this behalf. The cost of this service will have to be subsidized by the government for smaller holdings. The cost of measurements in large holdings with young plantation may come to about 10% of the value of net C-credits generated but may be several times more for smaller ones. The government should limit its charge for the services provided to only 10% of the value of net C-credits generated and meet the rest of the costs as a subsidy.

Should there be no lower limit on the size? I think the need for accuracy of measurement makes establishing minimum amounts of emissions and sequestration an important requirement. The limits on size may be regulated solely by the size of C-emissions and absorptions that can be measured with an acceptable degree of accuracy.

Another aspect of small holdings that needs thinking is the leakage. Any removal of carbon, authorized or otherwise, for a local need from a small area is much more likely to shift to immediate neighborhood outside the project and the owner less likely to either bring anti-leakage measures within the project or measure the leakage with reasonable accuracy. However, this is more important in the case of poorer countries like India than the USA where leakage is not really such an important issue.

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